

**08 C 981**

**EXHIBIT A** **JUDGE DARRAH**  
**MAGISTRATE JUDGE SCHENKIER**

SPEAKER 1: Cody.

SPEAKER 2: Hey Cody, its Dennis.

SPEAKER 1: Hey man.

SPEAKER 2: How does it feel taking on the whole market, man?

SPEAKER 1: Whew! It's pretty big, man.

SPEAKER 2: Dude, you're the entire [expletive deleted] propane market.

SPEAKER 1: Yeah, I think uhh,

SPEAKER 2: Where are all these, where are all these

SPEAKER 1: We had some participants coming in this morning thinking it was a pretty good buy.

SPEAKER 2: Where, where are all these barrels, I mean I saw, I mean you did some big rolls yesterday with LD and Shell right?

SPEAKER 1: Yeah.

SPEAKER 2: Yeah, I mean, where are all these barrels coming from in April, man?

SPEAKER 1: That's what we're gonna find out.

SPEAKER 2: I mean, gimme a break, I don't understand. I mean, there's not that many barrels available, dude.

SPEAKER 1: I know it.

SPEAKER 2: I mean, I don't get it. And it's a good value, dude. I don't know what's going on.

SPEAKER 3: I wouldn't worry about it, don't worry about it. It's the first two days of the month. Plenty of lead time for people to think the barrels will emerge and take a short position.

SPEAKER 2: Yeah.

SPEAKER 3: If these were being more ratably sold across the month then be more worried about it.

SPEAKER 2: Right. Nah, that's what it looks like to me, it looks like a group of, you know the herd is just saying take one last stab at it, really try to jam it down. Just throw something at it.

SPEAKER 3: Well the one concern, the one concern is chemical demand. I mean that is <unintelligible> one concern. That's clearly going to be a little bit weak. But if you look at the statistics from every single year of the April build the max we've ever seen is 4 million barrels. That was in a year when we had 1.2 million barrels of Houston imports. Through Enterprise. And we're not going to get that this month, so.

SPEAKER 2: Yeah. Overall that is the one thing looming over the whole market. You know, I pointed out, you know, just feels, I mean everything, the whole market feels soft, right. I mean, everything kinda feels soft, so.

SPEAKER 3: <unintelligible> We're below 5 dollars in gas.

SPEAKER 2: We are?

SPEAKER 3: Yeah, it just opened below <unintelligible>.

SPEAKER 2: Cool, cool.

SPEAKER 3: I actually did, yesterday, I did roll shorts forward from Dec into July on the crude side.

SPEAKER 2: Yeah I saw that.

SPEAKER 3: <unintelligible> I bought 200 May puts,

SPEAKER 2: On crude?

SPEAKER 3: No, on gas. <unintelligible>

SPEAKER 2: On gas? Good.

SPEAKER 3: So we've got a lot more gamma in the book now.

SPEAKER 2: Good.

SPEAKER 3: So in terms of the whole complex moving lower, and for us just supporting propane, you know, above our hedges, we're well geared for that.

SPEAKER 2: Yeah.

SPEAKER 3: <unintelligible> best scenario for us.

SPEAKER 2: You know I was looking at

SPEAKER 3: No one necessarily gets hurt on the propane side, you know, we're not attracting too much attention because propane itself <unintelligible>

SPEAKER 2: You know what I was looking at Mark? I was looking at the open interest on, the open interest in natural gas on the May and June contracts.

SPEAKER 3: Yeah.

SPEAKER 2: I think if you add, I think we're like 3% of the open interest in natural gas futures. We have a lot of nat gas shorts on.

SPEAKER 3: <unintelligible> pretty significant.

SPEAKER 2: The [expletive deleted]!

SPEAKER 3: We've converted, we're buying some back, we've converted to puts.

SPEAKER 2: Oh, okay, all right. Yeah. No, I mean, its cool, 100% of the open interest in propane probably, and 3% of the open interest in nat gas. No, I dig it, it's just, sometimes its hard, it just feels hard to take on the whole market sometimes. But I mean, you look at the position and it's right. I think we're going to get paid off. It's just a matter of

SPEAKER 3: Here's my one fear. Here's my one fear, and it's a significant fear. Everybody waits until the last [expletive deleted] day to cover and then we get wound up in a [expletive deleted] bunch of legal disputes.

SPEAKER 2: Yeah.

SPEAKER 3: That's my fear. People don't cover, don't cover, then on the last day they either default, or they come to us to get them out of it, and then we have to try and basically set a price that seems fair.

SPEAKER 2: I think you're gonna

SPEAKER 3: Rather than come in to the market and cover their shorts, they'll just hold out, hold out, hold out, and then on the last day, I think we're going to see some people cheat on us.

SPEAKER 2: Nah, I think, Cody can . . . Cody, you still there?

SPEAKER 1: Yeah.

SPEAKER 2: Yeah, I think what you might see is, as it becomes crunch time, they're not gonna wait, no one's going to wait til the last day to start buying things back. You're gonna start to see a pinch, you know, come the middle, with a week or two left, I think you should start to see it. But then, if it gets strong there, if April May goes to like a half cent, or a penny, penny and a half, two cents, whatever. Then you gotta fill those guys out then, because. I don't know. You're gonna see it before then, I think. If it's gonna happen.

SPEAKER 1: I would tend to agree that historically, they won't wait until the last week.

<CROSSTALK>

SPEAKER 3: Look at what happened to that March TET, or the end of Feb. That end of Feb TET position. I mean the last two days it went [expletive deleted] stupid.

SPEAKER 2: Yeah. But it was getting strong the week before that, but that just got really stupid the last couple days.

SPEAKER 3: Yeah, but at least the fact that it got stupid and lots of volumes traded was the people

<CROSSTALK>

SPEAKER 1: That was true demand shorts, people didn't know they were short and they were getting short because of demand . . .

SPEAKER 2: Yeah.

SPEAKER 1: driven weather. It was the wholesalers that were just having to buy, having to buy to fill the pipeline.

SPEAKER 2: Yeah.

SPEAKER 1: <unintelligible>

SPEAKER 2: So, hang in there guys.

SPEAKER 1: Oh, we are.

SPEAKER 3: The other little concern is, we're not spending too much time on the heavies. I mean, the heavies are definitely the feed of choice for the chems.

SPEAKER 2: Yeah.

SPEAKER 3: Hey, the possible good news, and we'll see about this, but we're seeing some ethylene interest. Chocolate Bayou had problems, <unintelligible> had problems and, we might be able to get rid of some.

SPEAKER 2: Good. Okay.

SPEAKER 3: You know, it's not in the bank yet, so wait and see.

SPEAKER 2: Alright. Sounds good guys. Hang in there, man.

SPEAKER 1: Have fun.

SPEAKER 2: See ya, bye-bye.

(end of recording)

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